



**STATE OF NORTH CAROLINA**  
**OFFICE OF THE GOVERNOR**  
**20301 MAIL SERVICE CENTER • RALEIGH, NC 27699-0301**

BEVERLY EAVES PERDUE  
GOVERNOR

September 18, 2009

The Honorable Ken Salazar  
Secretary of the Interior  
1849 C Street, N.W.  
Washington DC 20240

Dear Secretary Salazar,

I am writing to you in response to the Draft Proposed 5-year OCS Oil and Gas Leasing Program for 2010–2015 (DPP), which anticipates three oil and gas lease sales off the Atlantic coast. Given that two of the three proposed sales could be off the North Carolina coast, I want to take this opportunity to outline the steps I am taking to guide the state's decision-making process and to also highlight for you several issues of great concern to North Carolina.

As Governor, I support development of a range of domestic energy resources to meet our energy needs and enhance our national security. However, I also believe it is imperative that the states have the ultimate say in developing energy resources off their coasts and a share in the revenue. North Carolina's coastal areas appear to be rich with potential energy production opportunities, including oil, natural gas and wind. However, these same areas are vital to the state's economy, tourism industry and environment, and they face significant risks from hurricanes and storms. Because of this unique mixture of assets and risks, I take very seriously decisions about the use of our coastal resources, and I will rely on the best available information and scientific knowledge to establish my position on any such decisions.

I have just issued an executive order creating a Governor's Scientific Advisory Panel on Offshore Energy to ensure that I have the best minds in our state evaluating all of our offshore energy options and working with me to develop a comprehensive offshore energy strategy. I have charged the Advisory Panel with evaluating all potential offshore energy resources available to North Carolina, reporting on the technical feasibility of utilizing these resources, identifying the benefits and concerns associated with each one, and creating a thorough inventory of all relevant state and federal regulatory issues. I have also tasked this panel to evaluate any proposals for use of North Carolina's offshore energy resources, including those from the Minerals Management Service, and to make recommendations on a comprehensive plan for using our offshore energy resources. Through the work of my Scientific Advisory Panel on Offshore Energy, we will fully understand our energy opportunities and steer North Carolina toward the wisest and most secure energy future for our citizens.



As we begin this process, I want to point out several significant gaps at the federal level which make it difficult for us to do our work. Moreover, these gaps make it challenging for us as a state to effectively evaluate and respond to the Draft Proposed Plan.

First, without knowing with greater specificity the possible locations of the proposed sales, it is difficult to offer substantive comments or to develop an informed position on such sales. This is especially true for the Atlantic Coast, where the waters were long closed to drilling by Congressional and Presidential actions and where there is minimal experience with productive offshore leases. While we know a great deal about our coast and its ecosystems and ecology, we lack other basic knowledge, including the extent and location of available oil and gas resources. While the geologic and geophysical exploratory activities overseen by MMS in this area may yield some important information, we will not have access to this information in time to inform our comments on the DPP.

Second, the issue of revenue sharing for offshore oil and gas leases off the Atlantic Coast remains unresolved at the federal level. Simply put, no state can or should make decisions that could forever alter the state of its coast and economy without a firm commitment as to its share of the revenue. I recognize this issue is outside your agency's jurisdiction, but it is a vital element in the larger plans your agency proposes. I strongly encourage you to postpone any binding decisions on oil and gas leasing activities in this region until this question is resolved.

Finally, I understand MMS is beginning a planning process for offshore wind and other renewable energy development. As the first state in the Southeast to enact a Renewable Energy Portfolio Standard, we are already taking important steps to develop our renewable energy resources and grow a robust green economy. The University of North Carolina at Chapel Hill recently completed a study of the potential for wind energy in our sounds and off our coast, and the findings are very promising. However, with the federal program for offshore wind energy barely in its infancy, and with an accelerated DPP proposing lease sales in our region within the next five years, we cannot have an informed discussion on how these two important offshore resources fit together. In the worst case scenario, the lack of coordination between these two planning processes poses a real risk that development of one resource may limit or completely preclude development of the other. If oil and gas leases are opened, could they coexist with offshore wind developments in the same areas? By signaling its support for oil and gas development, is a state limiting its options for renewable wind energy in the future? These are questions we must answer if we are to make responsible decisions for North Carolina.

As I take my own hard look at the wisest uses of North Carolina's offshore energy resources, I respectfully request your assistance so that no state is forced to make premature decisions driven by the DPP without fully understanding how its coastal resources, its share of future revenues or its other energy production opportunities may be affected. I welcome the opportunity to work with you to develop a comprehensive federal process to look at all offshore energy resources concurrently, and I thank you for your consideration of my comments.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bev Perdue", with a long horizontal flourish extending to the right.

Bev Perdue

BEP/jlb